

SAN JOSE CVB FACED WITH BUDGET CUTS

Bureau looking to diversify business

San Jose, Calif.- July 10, 2002 - With hotel occupancy plummeting since September 11, CVBs facing new contracts and new budgets for the new fiscal year are continuing to feel repercussions. The San Jose Convention & Visitors Bureau, which has a longstanding contract with the City of San Jose, recently faced a 25% budget cut as the new fiscal year began on July 1.

"A budget cut of this magnitude forces us to reevaluate each program and marketing effort," said Dan Fenton, President and CEO of the San Jose CVB. "We'll use this time as an opportunity to refocus and rebuild a more positive, long-term approach."

Approximately 85% of the Bureau's budget is funded by a percentage of the transient occupancy tax (TOT) collected and distributed to various cultural, arts and tourism programs and organizations by the city. Whereas the Bureau began FY 01-02 with \$7.2 million allocated from TOT collections, the drop in occupancy has left the Bureau with an estimated TOT allocation of \$5.9 million for FY 02-03.

"This is a tremendous opportunity for associations and groups looking at the Bay Area," continued Fenton. "We have a lot of flexibility to negotiate rates that weren't previously possible."

The San Jose CVB plans to allocate more resources to convention sales in order to diversify the business base through associations, social and educational groups. "We're aggressively pursuing state and national association business by offering price discounts at the San Jose Convention Center," said Peter Green, Vice President of Sales and Services for the San Jose CVB. "With new product opening in the downtown area and hotels willing to negotiate rates, we have more flexibility than we've ever had before."

The Fairmont Hotel, only one block from the convention center, recently completed its \$67 million renovation and expansion, bringing the property to 805 rooms and 65,000 square feet of meeting space. In addition, the San Jose Marriott, which will be connected to the convention center, will open 506 rooms and 21,000 square feet of meeting space in March 2003.

For more information on San Jose's marketing initiatives, convention center or hotel properties call 800-SAN-JOSE.

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